

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE PETITION OF BOONE COUNTY WATER AND)	
SEWER DISTRICT FOR APPROVAL OF AN)	CASE NO.
ADJUSTMENT OF RATES FOR CERTAIN SANITARY)	93-112
SEWER FACILITIES)	

O R D E R

IT IS ORDERED that Boone County Water and Sewer District ("Boone District") shall file the original and 8 copies of the following information with the Commission by July 19, 1993, with a copy to all parties of record. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided previously in this proceeding, in the requested format herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to Boone District's Application, Exhibit 1. Explain why the following Service Areas are included on Schedule 10 but omitted from Schedule 11:

- a. Burlington-Metered - Bd. of Ed. & Conner/New Haven
- b. Southeast System - Southeast System

- c. Southeast System - Southeast System Taxable
- d. Oakbrook - Fairwinds
- e. Horizon West - Litton

2. Refer to Boone District's Application, Exhibit 1. Explain why the following Service Areas are included on Schedule 11 but omitted from Schedule 10:

- a. Southeast Service Area - Southeast System Residential

- b. Southeast Service Area - Southeast System Mobile Home

3. Sanitation District No. 1 of Campbell and Kenton Counties ("Sanitation District No. 1") has agreed to extend sewer collection facilities to five areas of Boone County (Richwood, Taylorsport, Gunpowder, Sand Run, and Elijah Creek).

- a. State when these facilities will be completed and operational.

- b. List the treatment plants that will be taken out of service upon completion of the collection facilities. State the expected date that each of these plants will be removed from service.

- c. State the rate which the customers of each of these treatment plants will be charged upon the treatment plant's removal from service.

- d. Describe the financial impact on Boone District's present operations when these sewer collector facilities become operational and its sewage treatment plants are retired.

e. Identify each revenue and expense account that will be impacted by this change and state the expected level of change. Provide supporting calculations. For each affected account, explain why the account will be affected.

4. Provide a schedule which lists each sewage treatment plant, its number of customers, its total operating revenues for calendar year 1992 and the internal accounting department code which Boone District has assigned it.

5. Provide a schedule which lists each collection system, its number of customers, its total operating revenues for calendar year 1992 and the internal accounting department code which Boone District has assigned it.

6. State whether the water usage of each sewage treatment plant is metered. If no, identify the plant(s) whose water usage is not metered.

7. a. Describe any studies performed to determine whether customers in certain Boone District service areas will be subsidizing customers in other service areas as a result of the proposed rates.

b. If no such studies were performed, explain why not.

8. a. State whether Boone District performed any studies which determined the actual cost of service provided by each sewage treatment plant or collector line.

b. If yes, provide a copy of such studies.

9. Provide a detailed depreciation schedule for Boone District's existing plant. Indicate which plant(s) will be retired

from service upon Sanitation District No. 1's completion of the proposed sewer collection facilities.

10. Provide a copy of the minutes of all meetings of the Boone District's Board of Commissioners held since January 1, 1991.

11. Refer to Boone District's Application, Exhibit 1, Schedule 6. Explain how the following expenses were allocated between the collection system and treatment system. State all assumptions used to derive allocation factors. Show all calculations and provide all workpapers used to develop each allocation.

- a. Maintenance/Chemicals (lines 2-4)
- b. Supplies (line 6)
- c. Engineering (line 7)
- d. Utilities (line 8)
- e. Labor and Administrative (lines 13-19)
- f. Truck expense (line 23)
- g. Repairs (line 24)
- h. Insurance (liability) (line 25)
- i. Miscellaneous (line 26)

12. a. State the reasons why Boone District wishes to simplify its current rate structures.

b. (1) State whether Boone District expects a reduction in administrative and clerical expenses with a simplified rate structure.

(2) Explain the basis for the answer to the prior question.

(3) State whether Boone District has performed any studies which address potential cost savings resulting from a simplification of its rate structure. If yes, provide a copy of these studies.

13. Refer to Boone District's Application, Exhibit 1, Schedule 7. \$269,458 of depreciation expense is allocated to collector lines. State the amount of this expense which represents depreciation on the Southeast Collector Line.

14. a. State who performs sludge removal for Boone District's sewage treatment plants.

b. If Boone District performs its own sludge removal, identify the equipment which Boone District owns which is used for this purpose. State the other purposes for which this equipment can be used.

c. State where Boone District deposits the sludge for its treatment plants.

15. Refer to Boone District's Annual Report for the year ended December 31, 1992. At page 9, Boone District lists sludge hauling expense at \$53,928. At page 11, Boone District states that during 1992, 251 loads of sludge were hauled at a cost of \$68 per load, or a total cost of \$17,068. Explain the discrepancy.

16. Refer to Boone District's Annual Report for the year ended December 31, 1992. At page 9, Boone District lists utility (water) service at \$124,966.

a. State whether any of this expense include electric power purchased.

b. If no, identify the account in which such expense is recorded.

17. List all expenditures recorded in the following accounts during the test period. Provide supporting invoices.

- a. Outside services employed (Acct No. 923)
- b. Transportation expenses (Acct. No. 929)
- c. Miscellaneous General Expenses (Acct. No. 930)

18. Refer to Boone District's Application, Exhibit 1, Schedule 3, line 22. Describe the nature of "Computer Expense."

19. Refer to Boone District's Application, Exhibit 1, Schedule 4, lines 29-30.

a. Provide a copy of the agreements upon which each expense is based.

b. Provide a breakdown of expenses contained in line 30. Identify the agreement which created each expense.

20. Refer to Boone District's Application, Exhibit 1, Schedule 4, line 25. Identify the studies referred to as "Prior 1992 Studies." State the purpose and total cost of each study.

21. Refer to Boone District's Application, Exhibit 1, Schedule 1, line 2.

a. State whether "Sewer Service Charges" includes the contribution in aid of construction fee assessed to new customers on the Southeast Collector Line.

b. If yes, specify the amount of fees collected.

c. If no, explain why not.

22. State how the compensation for the members of the Board of Commissioners was determined. State whether level of compensation has been approved by Boone County Fiscal Court.

23. In his testimony, Paul Kroger states that Boone District is "operating on a sound basis." Explain this statement in light of the comments of Boone District's auditor that Boone District's present financial condition has "raised a substantial doubt about the District's ability to continue as a going concern."

Done at Frankfort, Kentucky, this 2nd day of July, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director